

Message Text

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70

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 H-02 L-03 PA-01 PRS-01

NSC-05 SS-15 /080 W

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P R 302037Z MAY 75

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC PRIORITY 214

INFO DIA WASHDC

USIA WASHDC

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

USCINCSO

LIMITED OFFICIAL USE TEGUCIGALPA 2270

E.O. 11652: N/A

TAGS: PINT, EAGR, HO

SUBJECT: BANANAS

REF: (A) TEGUCIGALPA 2256 AND (B) TEGUCIGALPA 2112

1. HOUSTON LACOMBE, MANAGER OF TELA RAILROAD COMPANY, ADVISED ECOMOFF MAY 29 THAT JUDICIAL PROCESS PERMITTING HIS FREEDOM OF TRAVEL HAS BEEN PROMISED AND SHOULD BE EFFECTIVE BY MAY 30. FOLLOWING HIS PRESENTATION BEFORE THE FIRST CRIMINAL COURT OF TEGUCIGALPA, LACOMBE WAS TOLD BY THE COURT THAT ORDERS WOULD BE GIVEN TO THE IMMIGRATION SERVICES TO RESCIND THE PREVIOUS PROHIBITION AGAINST DEPARTURE FROM THE COUNTRY.

2. LACOMBE OBVIOUSLY RELIEVED BY THE PROSPECT OF FREE MOVEMENT
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BUT DID NOT INDICATE TO EMBASSY HIS TRAVEL PLANS.

3. SUBSTANTIVE ISSUES OF COMPANY RELATIONSHIP WITH GOVERNMENT ARE NOW IN HANDS OF NEW BANANA COMMISSION. LACOMBE HAS SPOKEN WITH RIVERA GIRON, THE COHEP MEMBER OF THE COMMISSION, AND HAS A DIRECT LINE INTO DEVELOPMENTS. EMBASSY PREVIOUSLY REPORTED DISCUSSIONS WITH VILLANUEVA (REFTEL (A)). LACOMBE SEEMS QUITE FLEXIBLE IN DEALING WITH WHATEVER SUGGESTIONS MAY ARISE TO REGULATE THE FUTURE RELATIONSHIP OF THE COMPANY WITH THE GOVERNMENT. THERE ARE NO SUGGESTIONS BEYOND THE SPECULATION STAGE AND NO ONE IS OFFERING PATTERNS FOR DISCUSSION.

4. LACOMBE HAS SPOKEN WITH A SENIOR OFFICIAL OF THE INSTITUTE NACIONAL AGRARIO (INA), TABORA MADRID. THE INA OFFICIAL IS NOT RECEPTIVE TO A COMPANY PROPOSAL TO ESTABLISH AFRICAN PALM PRODUCTION ON SOME MAJOR LAND HOLDINGS OF THE COMPANY UNLESS SUCH PRODUCTION BE ORGANIZED UNDER INA AND THE INA CONCEPT OF COOPERATIVES. SOME LAND WHICH TELA RAILROAD WOULD EXPECT INA TO TAKE UNDER EXPROPRIATION PROCEEDINGS CURRENTLY ABSORBS WATER EXCESS FROM BANANA-

PRODUCING ACREAGE. DIVERSION AWAY FROM THESE AREAS COULD BE EXPENSIVE. THE EMBASSY MENTIONS THIS POINT ONLY AS AN INDICATION OF THE EXTREME COMPLEXITY FACING A REORGANIZATION OF THE OWNERSHIP AND PRODUCTIVE USES OF LANDS CURRENTLY HELD BY TELA RAILROAD.

5. CONCERNING THE TELA RAILROAD "CONCESSION" LACOMBE INDICATES THAT THE CONCESSION IS IN LIMBO SINCE NO FORMAL ACTION HAS BEEN TAKEN BY THE GOVERNMENT SINCE A SIX MONTHS EXTENSION OF THE EXISTING CONCESSION WAS GRANTED IN SEPTEMBER 1974. LACOMBE STATES THAT THE COMPANY HAS OFFERED THE RAILROAD, WHARF, AND ALL LAND UNDER THE CONCESSION FOR SALE TO THE GOVERNMENT. THE VALUE IS PLACED AT NEAR \$14 MILLION. THE COMPANY HAS OFFERED ALL HOLDINGS EAST OF THE ULUA RIVER TO THE GOVERNMENT AND THIS INCLUDES ACREAGE UNDER BANANA CULTIVATION. ALTHOUGH THE COMPANY CONSIDERS AFRICAN PALM AS A PRODUCTIVE CROP AND HAS MADE OFFERS TO CONSTRUCT A LIMITED OFFICIAL USE

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PROCESSING PLANT, IT APPEARS THAT INA IS SEEKING LABOR INTENSIVE CROPS FOR RESETTLEMENT OF CAMPESINO POPULATION. IN A RELATED DEVELOPMENT, THE REGLAMENTOS "IMPLEMENTING REGULATIONS" FOR THE AGRARIAN REFORM LAW ARE TO BE PRESENTED TO THE CONCIL OF MINISTERS ON JUNE 2, ACCORDING TO LACOMBE AND PRESS ACCOUNTS. SANCHEZ

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